

REPORT OF AUDIT
Government Employees Health Association, Inc., (GEHA)

For the Period
1 January 1974 - 31 December 1975

GENERAL

GEHA is a tax-exempt corporation established to administer Agency employees' insurance plans. An elected Board of Directors prescribes GEHA operating policies. The Insurance Branch of the Benefits and Services Division of the Office of Personnel conducts the daily business. There are [REDACTED] STATINTL for the various health, life and travel insurance plans. GEHA reimburses the Agency for [REDACTED] employees of the Insurance Branch.

SCOPE OF AUDIT

We examined the Balance Sheet of GEHA as of 31 December 1975 and the related statements of Changes in Reserve Fund Balances and Changes in Financial Position for the two years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We also reviewed the claim-settlement process and a selection of settled claims.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the GEHA financial statements present fairly its financial position at 31 December 1975, and the results of its operations and changes in fund balances for the two years then ended. The statements are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding audit period. Financial details are shown in Exhibits A, B, and C attached.

SUMMARY COMMENTS AND RECOMMENDATIONS

GEHA continues to be well managed. Internal controls and procedures are generally satisfactory and the financial records are properly maintained. Prior audit recommendations have been resolved. Audit recommendations discussed in this report are summarized below. Minor matters were resolved during the audit.

This recommendation will be difficult to accomplish but will provide more precise information than is presently available. The information should enable management to conduct a more efficient and effective claim-settlement process.

Disposition of Retiree Accounts

When employees retire, GEHA continues to administer the accounts for those under cover. The accounts of overt retirees are normally turned over to the underwriter. GEHA is handling STATINTL more than [redacted] retirees, many of whom retired in the early and mid-1960's. We feel that GEHA should request the Cover and Commercial Staff to determine if arrangements can be made to reduce the GEHA workload by transferring some of the retiree cover accounts to the underwriter.

Recommendation #2: Try to reduce the number of retiree accounts administered by GEHA.

Authorization to Release Medical Information

Several of GEHA's various hospitalization-claim forms do not contain a statement authorizing the release of medical information when needed by GEHA to process a claim. The forms lacking the authorization are AGE Form #3300, Subscribers Form #3231, and Major Medical Form #1823. We were unable to determine the reason for the omission, but without the authority to obtain needed information the claim-settlement process can be delayed.

Recommendation #3: Include a statement of authorization to release medical information on all claim-submission forms used by GEHA. (The underwriters claim-submission Form MG-620, Part A, contains a good example of the statement.)

Access to GEHA Employee Files

Claims of a GEHA employee are processed by someone else in the branch. However, all files are accessible to branch employees. For better internal control and the privacy of claims, the GEHA employee files should be placed under the physical control of the Chief of the Insurance Branch or his designee.

Recommendation #4: Restrict the access to GEHA employee insurance file folders.

STATINTL

Approved For Release 2001/07/30 : CIA-RDP79-00498A000100040011-4

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Approved For Release 2001/07/30 : CIA-RDP79-00498A000100040011-4